

**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,  
Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**SECOND JOINT STATUS REPORT OF MOVANT AMBAC ASSURANCE  
CORPORATION AND RESPONDENTS THE FINANCIAL  
OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, THE  
COMMONWEALTH OF PUERTO RICO, AND THE PUERTO RICO FISCAL  
AGENCY AND FINANCIAL ADVISORY AUTHORITY WITH RESPECT TO  
THE PENSIONS DISCOVERY MOTIONS**

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747).

To the Honorable United States Magistrate Judge Judith Gail Dein:

Movant Ambac Assurance Corporation (“Ambac”) and Respondents The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), The Commonwealth of Puerto Rico (the “Commonwealth”), by and through the Oversight Board as the Commonwealth’s representative pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), and the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF” and together with the Oversight Board and the Commonwealth, the “Respondents”),<sup>2</sup> respectfully submit this joint status report in response to the Court’s August 13, 2019 Order (Dkt. No. 8447).

1. On June 18, 2019, Ambac filed its *Motion To Compel Pensions Discovery* (Dkt. No. 7505) and *Motion for Entry of Order Authorizing Discovery Under Bankruptcy Rule 2004* (Dkt. No. 7507) (together, the “Pensions Discovery Motions”).

2. On July 9, 2019, Respondents filed their *Omnibus Opposition to the Pensions Discovery Motions* (Dkt. No. 7895) (“Opposition Brief”).

3. On July 15, 2019, the Parties jointly filed an urgent motion seeking an order (i) deferring consideration of the Pensions Discovery Motions to the July 30, 2019 hearing before the Honorable Judith G. Dein, in order to provide the Parties with additional time to meet and confer regarding the requests; and (ii) extending the deadline for Ambac to file its reply to the Opposition Brief to July 23, 2019 (Dkt. No. 8007). On July 16, 2019, the Court granted the urgent motion (Dkt. No. 8017).

4. On July 26, 2019, the Parties filed a motion requesting an order granting an adjournment of the hearing on the Pensions Discovery Motions in order to allow the Parties to

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<sup>2</sup> The Movants and Respondents are collectively referred to as the “Parties.”

continue to meet and confer (Dkt. No. 8271). On July 26, 2019, the Court granted the motion, adjourning the hearing on the Pensions Discovery Motions to August 15, 2019, and ordering the Parties to submit a joint status report to the Court on the remaining issues for adjudication on or before August 12, 2019 (Dkt. No. 8291).

5. On August 12, 2019, the Parties filed a joint status report informing the Court of their progress (Dkt. No. 8445). At the same time, the Parties jointly filed their third urgent motion seeking an order granting an adjournment of the hearing on the Pensions Discovery Motions in order to allow the Parties to continue to meet and confer (Dkt. No. 8444). On August 13, 2019, the Court granted the motion, adjourning the hearing on the Pensions Discovery Motions to the September Omnibus Hearing, and ordering the Parties to submit a second joint status report to the Court on the remaining issues for adjudication on or before September 6, 2019 (Dkt. No. 8447).

6. In the time since the Parties filed their joint status report, the Parties have continued to meet and confer to discuss the status of the collection, review, and production process.

7. Below is a brief overview of the production status of the requests that Ambac has agreed to prioritize, as set forth in the Joint Status Report, dated August 12, 2019 (Dkt. No. 8445):

- a. Request Nos. 21 and 27: On August 16, 2019, AAFAF produced nine documents relating to the actuarial analyses of the ERS, TRS, and JRS pension systems. Ambac is currently in the process of evaluating the adequacy of these materials, but anticipates that there are additional responsive materials that must be produced in order to satisfy these requests.
- b. Request No. 26: AAFAF has represented that it will confirm it has produced all relevant census data for the ERS, TRS, and JRS pension systems.
- c. Request No. 28: AAFAF has produced two documents underlying the Governor's announcement regarding a joint resolution to use \$1.4 billion from the Commonwealth's single treasury account to restore past contributions made by public servants to individual retirement accounts under the System 2000 program. In light of this production, AAFAF has represented that it considers its response to Request No. 28 to be complete. Ambac is currently in the process of evaluating the adequacy of these materials.

- d. Request Nos. 29, 30, 31: The Oversight Board produced a number of draft PSAs, term sheets, and settlement agreements related to these requests. Ambac then requested additional documents beyond the agreements themselves in connection with the requests, and provided examples of the types of documents that Ambac seeks. This week, the Oversight Board produced a small number of additional documents, and states it is still in the process of resolving certain third-party objections based on privilege for other documents responsive to these requests. Ambac is currently in the process of evaluating the adequacy of the produced materials, but believes that there are additional responsive materials that must be produced in order to satisfy these requests.
8. At this point, the Parties continue to engage in good faith discussions in an attempt to narrow the remaining issues that require adjudication by this Court. As described above, Respondents plan to produce additional documents responsive to the requests. In addition, Ambac continues to evaluate the adequacy of the materials recently produced by Respondents to determine whether they satisfy the requests.
9. Thus, concurrently with this Motion, the Parties have filed a joint motion requesting an adjournment of the hearing on the Pensions Discovery Motions to the October Omnibus Hearing, scheduled to take place on **October 30, 2019**, in order to allow the Parties to continue to meet and confer to determine whether they can reach further agreement regarding the scope of the requests.

*[Remainder of Page Intentionally Left Blank]*

Dated: September 6, 2019  
San Juan, Puerto Rico

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**CERTIFICATE OF SERVICE**

I hereby certify that on this same date a true and exact copy of this notice was filed with the Clerk of Court using the CM/ECF system, which will notify a copy to counsel of record.

/s/ Roberto Cámara-Fuertes

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